The Bill was passed,

THE TRAVANCORE COMPANIES REGULATION (AMENDMENT) BILL.

Mr. Kayalam Paramesvaran Pillai: Sir, I move that the Travancore Companies Regulation (Amendment) Bill, as passed by the Sri Mulam Assembly, be taken up for consideration.

Mr. C. O. Madhavan: I second it.

Mr. M. N. Paramesvaran Pillai: I rise to a point of order. I wish to know whether the Rule 38 is going to be suspended or not. We got notice of this Bill only yesterday and so we were not able to send up amendments.

Mr. Kayalam Paramesvaran Pillai: Sir, the real position is this. Five days' notice of this motion was given by Mr. Joseph Panjikaran who was then a member of the Council. He has since resigned and I have given notice of the very same motion two days ago. The motions given notice by Mr. Panjikaran and myself are quite identical so that as a matter of fact the members has had five days' notice of this motion though the rules require only three days' notice. Any merely technical defect may be rectified by you, Sir, by giving me leave to make the motion.

Mr. M. N. Paramesvaran Pillai: Sir, I have to submit that the interpretation given by the Law Member is not correct. When for instance a particular member sends up amendments to a Bill and notice of the same is given to the other members that notice cannot be availed of by another member who wishes to move the identical amendments, when the member who sent up the original amendments refuses or is not prepared to move them. That is not the notice contemplated under the Rules.

President: The question that the Chair has to consider under these circumstances is whether the House has been prejudiced by the absence of proper notice. It has been contended and admitted that *a notice* was given to the members five days ago. Therefore the House had ample information that this motion was going to be taken up to-day. The circumstances that a member who sent the notice is not to-day before the House for the purpose of making the motion could not alter the duties of the members who could have sent in amendments the moment they got notice of the motion. They could not have anticipated until to-day that another member was going to make that motion. A regular notice was given and it was in order. If members wanted to send in amendments they had to take action on the original motion. That does not alter the position, nor has it put the House in any embarrassing position. In view of that fact I should say that I am not exercising my duties wrongly when I allow the Law Member to make his motion. Even if there is a technical objection I am prepared to waive it.

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Mr. Kayalam Paramesvaran Pillai: Sir, I shall briefly explain the principles of this Bill. As the Companies Regulation now stands there is no provision enabling or empowering the Registrar or any Government Officer to inspect the books and accounts of any company, nor is there any provision which would empower the Government to appoint a special Auditor to audit the accounts and other papers of a company nor is there any provision to empower the Government on their own motion to order an investigation into the affairs of a company. The present Bill therefore provides that the Registrar or any officer specially appointed in that behalf may inspect and audit the accounts and books of a company and make reports to the Government It is also provided that Government may, in special circumstances, appoint a special Auditor to inspect and audit the accounts of any company and a further provision is made that the Government may, on their own motion, order an Inspector to be appointed to investigate into the affairs of the company. As the law now stands there is no provision empowering Government to order an investigation into the affairs of a company unless a specific number of shareholders apply for it. If Government think under any circumstances that such an investigation is necessary they should have the power to order investigation even though a sufficient number of shareholders may not apply. This in brief is the principle of this Bill, and it is intended to safeguard and protect the interests of the shareholders of a company specially as against the Directors of the company. The company, no doubt, is a private concern and the shareholders have themselves to protect and combine themselves to protect their interests. The law makes provision for it. But still Government feel that having regard to Indian conditions, or at least as far as Travancore conditions are concerned, the shareholders are not keenly alive to their rights and they do not in any event combine to protect their common interests. Government therefore feel that they may have to intervene and, for that purpose, they should have power to order investigation into the affairs of a company and as tending in the same direction they should have power to inspect and audit the books and accounts of a company so that the condition of the books, etc., may be known to the Government from time to time. The copies of the reports of inspection and investigation will be made available to the shareholders so that they may take the necessary steps to set matters right. Such a provision may not be necessary in other countries. But we know that in other countries the shareholders themselves act; once in every year they call the Directors strictly to account for every thing they have done in the previous year. The Directors may be very influential

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men and they may occupy the highest positions ; even then they are not free from such searching inquisition. There have been cases in which the Directors have been dragged to the civil or criminal courts. Honourable members are aware that very recently in England, Mr. Horatio Botomly, who was known to be a man of high position and influence and was an M. P., had to face a criminal court because he did something wrong in connection with a company and had to go to jail. Such a thing is unknown in India or at least in Travancore. It has become therefore necessary that Government should intervene in these matters and that some provision should be available to protect and safeguard the interests of the shareholders. With this view this Bill has been passed by the Assembly and I now commend the principles of the Bill for the acceptance of this House.

Mr C. O. Madhavan : I second it.

President : Moved and seconded that the Travancore Companies Regulation (Amendment) Bill, as passed in the Assembly, be taken into consideration.

The motion was carried.

CLAUSES 1, 2, 3, 4, and 5.

President : The question is whether Clauses 1, 2, 3, 4 and 5 do form part of the Bill.

The motion was carried and the Clauses were added to the Bill

PREAMBLE.

President : The question is whether the Preamble shall be added to the Bill.

The motion was carried, and the Preamble was added to the Bill.

TITLE OF THE BILL.

President : The question is whether the title shall be added to the Bill.

The motion was carried and the title was added to the Bill.

Mr. Kayalam Paramesvaran Pillai : I move that the Travancore Companies Regulation (Amendment) Bill be passed.

Mr. C. O. Madhavan : I second it.

President : Moved and seconded that the Travancore Companies Regulation (Amendment) Bill be passed.

The motion was carried and the Bill was passed.

THE TRAVANCORE BREACH OF CONTRACT (REPEALING) BILL.

Mr Kayalam Paramesvaran Pillai : Sir, I beg to move that the Travancore Breach of Contract (Repealing) Bill, as passed by the Sri Mulam Assembly, be taken into consideration.

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